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# ***Public Utilities Commission of the State of California***

## ***Results of Public Agenda 3198***

***Meeting Held on Thursday, September 6, 2007 10:00 a.m.***

***San Francisco, California***

### **Commissioners**

**Michael R. Peevey, President**

**John A. Bohn**

**Rachelle B. Chong**

**Dian M. Grueneich**

**Timothy Alan Simon**

*Website: <http://www.cpuc.ca.gov>*

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### **Scheduled Commission Meetings**

**505 Van Ness Avenue, San Francisco**

<i>Ratesetting Deliberative Meeting*</i> <i>Room 5305</i> <i>(1:30 p.m.)</i> <b><i>Closed to the Public</i></b>	<i>Commission Meeting</i> <i>Auditorium</i> <i>(10 a.m.)</i> <b><i>Open to the Public</i></b>
Monday, September 17, 2007 (San Francisco)	Thursday, September 20, 2007 (San Francisco)
Monday, October 01, 2007 (San Francisco)	Thursday, October 04, 2007 (San Francisco)
Monday, October 15, 2007 (San Francisco)	Thursday, October 18, 2007 (San Francisco)
Monday, October 29, 2007 (San Francisco)	Thursday, November 01, 2007 (San Francisco)
Friday, November 09, 2007 (San Francisco)	Friday, November 16, 2007 (San Francisco)

*\*Ratesetting Deliberative Meeting dates are reserved as noted but will be held only if there are ratesetting matters to be considered and a Commissioner has requested that a Ratesetting Deliberative Meeting be held.*

For further information contact the Public Advisor  
(415) 703-2074 E-mail: [public.advisor@cpuc.ca.gov](mailto:public.advisor@cpuc.ca.gov)



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## PUBLIC COMMENT

The following items are not subject to public comment:

- All items on the closed session agenda; these are HEX and EX items.
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Public Comment:

## Consent Agenda

*Items shown on the Consent Agenda will be taken up and voted on as a group in one of the first items of business of each Commission meeting. Items may be removed from the Consent Agenda for discussion on the Regular Agenda at the request of any Commissioner prior to the meeting.*

## Orders and Resolutions

1 (Rev.)

[6831]

**I01-04-026 - Order Instituting Investigation into the revenue requirement of SureWest Telephone Company pursuant to D00-11-039.**

This decision makes permanent the temporary reduction in SureWest's annual California High Cost Fund B (CHCF-B) draw by a \$1.3 million consumer dividend to \$10.2 from \$11.5 million. More importantly, it provides for SureWest's annual CHCF-B draw to end on January 1, 2012. Finally, it removes the D05-08-004 requirement that SureWest prepare and submit an updated cost proxy model. I01-04-026 is closed.

(Comr Peevey - ALJ Galvin)

Agenda 3197, Item 11 8/23/2007 (Staff)

08/30/2007 - This revision was not shown on the Agenda mailed to the public.

**Outcome Signed**

[D07-09-002](#)

Yes: (Bohn, Chong, Grueneich, Peevey, Simon)

No: (none)

Abstain: (none)

Absent: (none)

**2**

[6928]

**Res ALJ 176-3198**

Ratification of preliminary determination of category for proceedings initiated by application. The preliminary determinations are pursuant to Rule 7.1 of the Commission's Rules of Practice and Procedure.

**Outcome Approved**[Res ALJ 176-3198](#)

Yes: (Bohn, Chong, Grueneich, Peevey, Simon)

No: (none)

Abstain: (none)

Absent: (none)

**3**

[6856]

**Res E-4111**

This resolution amends the Energy Industry Rules and provides for exceptions to the customer notice requirements established by General Rule 4.2 of General Order 96-B.

**Outcome Approved**[Res E-4111](#)

Yes: (Bohn, Chong, Grueneich, Peevey, Simon)

No: (none)

Abstain: (none)

Absent: (none)

**4**

[6857]

**C07-03-005 - A. F. Normart, Jr., on behalf of himself and all others similarly situated vs. Pacific Gas and Electric Company (PG&E).**

This decision dismisses the Complaint for failure to state a claim upon which relief can be granted under Public Utilities Code §1702. Complainant has failed to show that the methodology used by Defendant to calculate residential customer gas and electric charges arising from baseline allowances for seasonal changeover months violates any provision of law, order, rule, or tariff of the Commission. This proceeding is closed.

(Comr Simon - ALJ Patrick)

**Outcome Signed**[D07-09-003](#)

Yes: (Bohn, Chong, Grueneich, Peevey, Simon)

No: (none)

Abstain: (none)

Absent: (none)

**5**

[6880]

**A06-03-005 - Pacific Gas and Electric Company (PG&E).**

This decision concerning Phase 2 of PG&E's general rate case (GRC) adopts electric marginal costs and principles for revenue allocation to the customer class level and the design of tariff schedule rates. Revised rates will become effective November 1, 2007 and will allow PG&E to collect the revenue requirement determined in Phase 1 of its 2007 GRC, as modified by subsequent revenue requirement authorizations. The Commission finds that the marginal cost and revenue allocation and five supplemental rate design settlement agreements meet the Commission's tests for adoption, and grants the motions to adopt those settlements. The Commission also adopts the commercial building master meter settlement agreement subject to agreement by the Settling Parties to provide tenants with information concerning rates and their consumer rights and to provide certain information on their experience with commercial building master metering in PG&E's next GRC.

(Comr Chong - ALJ Fukutome)

**Outcome Signed**[D07-09-004](#)

Yes: (Bohn, Chong, Grueneich, Peevey, Simon)

No: (none)

Abstain: (none)

Absent: (none)

**6**

[6882]

**A06-09-013 - Yale Industrial Products Inc. (Yale) dba Spreckels Water Company, Inc. (Spreckels) and Tanimura & Antle Supply Company, Inc. (TASCO).**

This decision authorizes Yale to transfer control of Spreckels to TASCO through a sale and purchase, respectively, of 100% of Spreckels common stock. This approval is subject to Yale and TASCO satisfying specific conditions set forth in the Ordering Paragraphs imposed to protect the public interest. This proceeding is closed.

(Comr Bohn - ALJ Galvin)

**Outcome Signed**[D07-09-005](#)

Yes: (Bohn, Chong, Grueneich, Peevey, Simon)

No: (none)

Abstain: (none)

Absent: (none)

**7**

[6888]

**Res T-17107**

This resolution makes several changes to the Commission's video franchise forms to make them conform to certain requirements of D07-03-014 and The Digital Infrastructure and Video Competition Act of 2006.

**Outcome Approved**[Res T-17107](#)

Yes: (Bohn, Chong, Grueneich, Peevey, Simon)

No: (none)

Abstain: (none)

Absent: (none)

**8**

[6890]

**P06-12-012 - United Transportation Union (UTU).**

Petition for Rulemaking to modify General Order 118 to limit the size of ballast on railroad rights-of-way. This decision grants UTU's petition to open a limited rulemaking for the purpose of determining ballast size for railway switching yards and any needed modifications to General Order 118. This proceeding is closed.

(Comr Grueneich - ALJ Rochester)

**Outcome Signed**[D07-09-006](#)

Yes: (Bohn, Chong, Grueneich, Peevey, Simon)

No: (none)

Abstain: (none)

Absent: (none)

**9**

[6899]

**A06-11-002 - Southwest Gas Corporation (Southwest).**

This decision grants Southwest the authority to engage in various financing activities as requested in Application 06-11-002. This proceeding is closed.

(Comr Grueneich - ALJ Hecht)

Agenda 3197, Item 40 8/23/2007 (Staff)

**Outcome Signed**[D07-09-007](#)

Yes: (Bohn, Chong, Grueneich, Peevey, Simon)

No: (none)

Abstain: (none)

Absent: (none)

**10**

[6902]

**A06-08-011 - Pacific Gas and Electric Company.**

For recovery of generation feasibility study costs associated with the evaluation of wind-generated and other renewable electric power in British Columbia. This decision awards \$10,845 to The Utility Reform Network in compensation for its substantial contributions to D07-03-013. This proceeding is closed.

(Comr Peevey - ALJ Long)

**Outcome Signed**[D07-09-008](#)

Yes: (Bohn, Chong, Grueneich, Peevey, Simon)

No: (none)

Abstain: (none)

Absent: (none)

**11** **R97-10-016 - Order Instituting Rulemaking on the Commission's own motion into monitoring performance of operations support systems.**  
[6905]

I97-10-017; A07-02-027 - Related matters. This decision grants the joint application to modify the Joint Partial Settlement Agreement and Implement Consensus Changes through the Advice Letter Process. A07-02-027 is closed.

(Comr Peevey - ALJ Reed)

**Outcome Signed**

[D07-09-009](#)

Yes: (Bohn, Chong, Grueneich, Peevey, Simon)

No: (none)

Abstain: (none)

Absent: (none)

**12** **A07-05-023 - San Diego Gas & Electric Company (SDG&E).**  
[6910]

This decision approves power purchase agreements and corresponding leases between SDG&E and J-Power, USA Development Co., Ltd. and Wellhead Power Margarita, LLC for peaker generators with approximately 130 Megawatts of capacity and power from 2008 to 2033. This proceeding is closed.

(Comr Peevey - ALJ Kolakowski)

**Outcome Signed**

[D07-09-010](#)

Yes: (Bohn, Chong, Grueneich, Peevey, Simon)

No: (none)

Abstain: (none)

Absent: (none)

**13** **A07-05-028 - Verizon California Inc. (Verizon).**  
[6921]

This decision grants Verizon authorization under Public Utilities Code §851 to sell its building and real estate located at 112 South Lakeview Canyon Road, Thousand Oaks, California to LBA Inc. This proceeding is closed.

(Comr Simon - ALJ Reed)

**Outcome Signed**

[D07-09-011](#)

Yes: (Bohn, Chong, Grueneich, Peevey, Simon)

No: (none)

Abstain: (none)

Absent: (none)

**14**

[6923]

**Res W-4659 - Point Arena Water Works (PAWW).**

This resolution grants PAWW authority to secure a loan in the amount of \$190,000, to be used for system improvements, and to encumber assets in connection with the loan.

**Outcome Approved**[Res W-4659](#)

Yes: (Bohn, Chong, Grueneich, Peevey, Simon)

No: (none)

Abstain: (none)

Absent: (none)

**15**

[6925]

**A02-11-017 - Pacific Gas and Electric Company (PG&E).**

For authority, among other things, to increase revenue requirements for electric and gas service and to increase rates and charges for gas service effective on January 1, 2003. I03-01-012; A02-09-005 - Related matters. This decision extends statutory deadline for resolving the case to October 4, 2007.

(Comr Peevey - ALJ Yacknin)

**Outcome Signed**[D07-09-012](#)

Yes: (Bohn, Chong, Grueneich, Peevey, Simon)

No: (none)

Abstain: (none)

Absent: (none)

**16**

[6929]

**A06-10-025 - John W. Richardson and California Water Service Company (CWS).**

This decision approves two settlement agreements in this proceeding. One settlement agreement is entered into by CWS and John W. Richardson, Receiver (Joint Applicants), and Alisal Water Corporation (Alco) (Joint Applicants-Alco Settlement Agreement). The other settlement agreement is entered into by CWS and the Division of Ratepayer Advocates (DRA). The Joint Applicants-Alco Settlement Agreement resolves disputes regarding the legal role of the receiver and the specific assets being acquired by CWS. The CWS-DRA Settlement Agreement resolves ratemaking matters regarding the purchase by CWS of the Buena Vista Water System assets. This proceeding is closed.

(Comr Bohn - ALJ DeBerry)

**Outcome Signed**[D07-09-013](#)

Yes: (Bohn, Chong, Grueneich, Peevey, Simon)

No: (none)

Abstain: (none)

Absent: (none)

**17**

[6932]

**A06-06-004 - Southern California Edison Company (SCE).**

This decision grants SCE a permit to construct (PTC) the project known as the Riverway Substation Project (Project). The Project consists of: (1) construction of a 66/12 kilovolt (kV) substation (Riverway Substation) in Visalia, California; (2) construction of a 0.2 mile 66 kV subtransmission line to connect the Riverway Substation with an existing 66 kV overhead transmission line; and (3) installation of fiber optic cable and communications equipment to connect the Riverway Substation to SCE's existing telecommunications system. SCE sought the Commission approval for a PTC for the project pursuant to General Order 131 D. As the lead agency for environmental review, the Commission finds the Final Mitigated Negative Declaration prepared for this project meets the requirements of the California Environmental Quality Act. This proceeding is closed.

(Comr Grueneich - ALJ Kolakowski)

**Outcome Signed**[D07-09-014](#)

Yes: (Bohn, Chong, Grueneich, Peevey, Simon)

No: (none)

Abstain: (none)

Absent: (none)

**18**

[6933]

**I02-06-003 - Investigation on the Commission's own motion into the operations, practices, and conduct of Pacific Bell Wireless LLC dba Cingular Wireless and related entities (collectively "Cingular") to determine whether Cingular has violated the laws, rules and regulations of this State in its sale of cellular telephone equipment and service and its collection of an Early Termination Fee and other penalties from consumers.**

This decision awards Utility Consumers' Action Network \$171,996.30 in compensation for its substantial contributions (1) to judicial review of D04-09-062 and (2) in challenging the initial Restitution Plan and subsequently working toward a post-appeal, all-party settlement, both of which underlie D07-03-048. This award represents a decrease of \$3,200 from the amount requested. This proceeding is closed.

(Comr Peevey - ALJ Vieth)

**Outcome Signed**[D07-09-015](#)

Yes: (Bohn, Chong, Grueneich, Peevey, Simon)

No: (none)

Abstain: (none)

Absent: (none)



**19**

[6936]

**Res ALJ-205**

This resolution changes the determination on category for only the Dynamic Pricing phase of A06-03-005, the general rate case of the Pacific Gas and Electric Company, from ratesetting to quasi-legislative.

**Outcome Approved**[Res ALJ-205](#)

Yes: (Bohn, Chong, Grueneich, Peevey, Simon)

No: (none)

Abstain: (none)

Absent: (none)

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## Regular Agenda

### Energy Orders

**20**

[6609]

**R04-04-003 - Order Instituting Rulemaking to promote policy and program coordination and integration in electric utility resource planning.**

R04-04-025 - Related matters. This decision adopts specific policies and pricing mechanisms applicable to the electric utilities' purchase of energy and capacity from Qualifying Facilities (QFs). Specifically, the Commission adopts 1) a Market Index Formula as an updated short-run avoided cost formula, 2) new contract options for expired QF contracts and new QF contracts, 3) prospective QF contract provisions, and 4) an entry procedure for new QFs. These proceedings are closed.

(Comr Peevey - ALJ Brown, ALJ Halligan)

Agenda 3193, Item 30 6/7/2007 (Staff);

Agenda 3195, Item 41 7/12/2007 (Staff);

Agenda 3196, Item 27 7/26/2007 (Staff)

**Outcome Held (9/20/07. For Section 311(e) requirement.)**

Yes: (none)

No: (none)

Abstain: (none)

Absent: (none)

**20a**

[6917]

**ALTERNATE TO ITEM 6609**

R04-04-025 - Related matters. This alternate proposed decision by Commissioner Grueneich makes several changes to ALJ Halligan's proposed decision on policy and pricing for qualifying facilities (QF). The changes include a revised methodology to calculate the incremental energy rate embedded in the short-run avoided costs pricing formula, as well as an exemption for QF facilities less than 25 MW from the process by which IOUs may deny QF contracts due to oversubscription.

(Comr Grueneich)

**Outcome Held (9/20/07. For Section 311(e) requirement.)**

Yes: (none)

No: (none)

Abstain: (none)

Absent: (none)

**21**

[6617]

**A02-11-017 - Pacific Gas and Electric Company (PG&E).**

For authority, among other things, to increase revenue requirements for electric and gas service and to increase rates and charges for gas service effective on January 1, 2003. I03-01-012; A02-09-005 - Related matters. This decision finds that PG&E systematically violated its tariff Rule 17.1 by issuing backbills related to periods of no bills and to estimated bills, where the cause for the estimation was within PG&E's control, beyond the time limits permitted under the tariff. The Commission orders PG&E to refund, at shareholder expense, approximately \$23 million for illegal backbill charges. The Commission further orders PG&E to refund reconnection fees (with interest) and pay credits to certain customers whose service was shutoff for nonpayment of illegal backbills. These proceedings are closed.

(Comr Peevey - ALJ Yacknin)

Agenda 3192, Item 48 5/24/2007 (Staff);

Agenda 3194, Item 41 6/21/2007 (Peevey);

Agenda 3195, Item 42 7/12/2007 (Peevey);

Agenda 3197, Item 43 8/23/2007 (Chong)

**Outcome Held (9/20/07. For possible different decision.)**

Yes: (none)

No: (none)

Abstain: (none)

Absent: (none)

**21a**

[6907]

**ALTERNATE TO ITEM 6617**

PROPOSED ORDER OF COMMISSIONER PEEVEY DIFFERENT FROM PRESIDING OFFICER'S DECISION. I03-01-012; A02-09-005 - Related matters. This Decision Different addresses PG&E's violation of Rule 17.1 of its tariffs, which limits the period for which it can backbill customers. It determines whether refunds are warranted, who should finance the refunds, the time period that should be used to determine the refunds, and whether PG&E should be penalized. It also addresses possible prospective remedies regarding changes to Rule 9 of PG&E's tariffs and the ratemaking treatment of uncollectible amounts. It goes on to respond to the South San Joaquin Irrigation District's (SSJID) assertion that PG&E violated Rule 9 by failing to regularly read SSJID's meters and issuing inappropriate bills. This Decision Different reaches the same conclusions as the Mod-Pod, but does so via a different legal analysis with respect to the statute of limitations, tolling, and CorDaptix stabilization period.

(Comr Peevey)

Agenda 3197, Item 43a 8/23/2007 (Chong)

**Outcome Held (9/20/07. For possible different decision.)**

Yes: (none)

No: (none)

Abstain: (none)

Absent: (none)

**22**

[6840]

**A04-04-008 - Southern California Edison Company (SCE).**

A04-06-018; A05-10-010 - Related matters. In D05-09-018, the Commission approved electric economic discount rate tariffs for SCE and PG&E which permitted discounting public purpose program (PPP) surcharges. In D06-04-002 the Commission kept the application open to consider whether the gas PPP could be discounted. The Commission now holds that public purpose programs which the Legislature has enacted as “nonbypassable” cannot be discounted. A04-04-008, A04-06-018, and A05-10-010 are closed.

(Comr Peevey - ALJ Barnett)

Agenda 3197, Item 44 8/23/2007 (Staff)

**Outcome Withdrawn**

Yes: (none)

No: (none)

Abstain: (none)

Absent: (none)

**22a**

[6842]

**ALTERNATE TO ITEM 6840**

A04-06-018; A05-10-010 - Related matters. This alternate finds that public purpose program charges are nonbypassable and, therefore, nondiscountable. The alternate requires that modifications to the economic development rate (EDR) be applied to all EDR contracts on a prospective basis and does not require modification of existing contracts.

(Comr Peevey)

Agenda 3197, Item 44a 8/23/2007 (Staff)

**Outcome Signed (Comr. Bohn reserves the right to file a concurrence.)**

[D07-09-016](#)

Yes: (Bohn, Chong, Grueneich, Peevey, Simon)

No: (none)

Abstain: (none)

Absent: (none)

**23**

[6887]

**R06-03-004 - Order Instituting Rulemaking regarding policies, procedures and rules for the California solar initiative, the self-generation incentive program and other distributed generation issues.**

This decision adopts a plan for awarding \$50 million to research, development, demonstration, and deployment projects under the California Solar Initiative program.

(Comr Peevey - ALJ Ebke)

**Outcome Held (9/20/07. Further review.)**

Yes: (none)

No: (none)

Abstain: (none)

Absent: (none)

**24**

[6908]

**R06-04-009 - Order Instituting Rulemaking to implement the Commission's procurement incentive framework and to examine the integration of Greenhouse Gas Emissions Standards into procurement policies.**

This decision recommends that the Air Resources Board (ARB) adopt the reporting and tracking requirements proposed in the order, as part of ARB's reporting regulations for greenhouse gas emissions to be adopted by January 1, 2008, pursuant to Assembly Bill 32.

(Comr Peevey - ALJ Lakritz, ALJ TerKeurst)

**Outcome Signed (Comr. Bohn will file a concurrence. Comr. Chong will file a concurrence. Comr. Grueneich reserves the right to file a concurrence or join a concurrence.)**

[D07-09-017](#)

Yes: (Bohn, Chong, Grueneich, Peevey, Simon)

No: (none)

Abstain: (none)

Absent: (none)

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**Energy Resolutions and Written Reports****25**

[6858]

**Res G-3404 - San Diego Gas & Electric Company (SDG&E).**

This resolution approves SDG&E's request to acquire interstate pipeline transportation capacity on the Kern River Gas Transmission pipeline, in compliance with procedures approved in D04-09-022.

(Advice Letter 1681-G, filed March 28, 2007.)

**Outcome Approved**[Res G-3404](#)

Yes: (Bohn, Chong, Grueneich, Peevey, Simon)

No: (none)

Abstain: (none)

Absent: (none)

**26**

[6871]

**Res G-3407 - Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company (SDG&E).**

This resolution approves with modifications SoCalGas' and SDG&E's request to make revisions to their tariffs to implement system integration, firm access rights, and off-system deliveries on the transmission systems of the two utilities, in compliance with D06-04-033 and D06-12-031.

(SoCalGas Advice Letter (AL) 3706 and SDG&E AL 1668-G, filed January 29, 2007)

**Outcome Approved**[Res G-3407](#)

Yes: (Bohn, Chong, Grueneich, Peevey, Simon)

No: (none)

Abstain: (none)

Absent: (none)

**27**

[6881]

**Res E-4109**

This resolution approves President Michael R. Peevey's selection of Robert J. Budnitz and Per F. Peterson as qualified candidates for consideration by the Attorney General of California for appointment to the vacancy on the Diablo Canyon Independent Safety Committee.

**Outcome Approved**[Res E-4109](#)

Yes: (Bohn, Chong, Grueneich, Peevey, Simon)

No: (none)

Abstain: (none)

Absent: (none)

**28**

[6886]

**Res E-4110 - Pacific Gas and Electric Company (PG&E).**

This resolution approves without modification PG&E's amended Global Ampersand, LLC, renewable resource procurement contracts. (Advice Letter 3044-E, filed April 30, 2007.)

**Outcome Approved**[Res E-4110](#)

Yes: (Bohn, Chong, Grueneich, Peevey, Simon)

No: (none)

Abstain: (none)

Absent: (none)

**29**

[6892]

**Res E-4103 - San Diego Gas & Electric Company (SDG&E).**

This resolution denies SDG&E's request to expand a Demand Reduction Agreement for a Distributed Resource Project between SDG&E and EnerNOC, Inc. SDG&E may seek approval of expansion of the agreement by filing an application under their AB 57 procurement plan and serving that application on R06-02-013. (Advice Letter 1896-E, filed May 11, 2007)

**Outcome Held (9/20/07. Further review.)**

Yes: (none)

No: (none)

Abstain: (none)

Absent: (none)

**30**

[6916]

**Res E-4114 - Pacific Gas and Electric Company (PG&E) and Southern California Edison (SCE), on behalf of all California Solar Initiative (CSI) Program Administrators, including the California Center for Sustainable Energy.**

This resolution approves a set of modifications for the CSI Program Handbook aimed at streamlining CSI Program administration and making other Handbook changes to conform to regulatory decisions. (PG&E Advice Letter (AL) 3087-E, AL Supplement (S) 3087-E-A and ALS 3087-E-B, filed July 23, 2007; and SCE AL 2138-E, filed July 17, 2007)

**Outcome Approved**[Res E-4114](#)

Yes: (Bohn, Grueneich, Peevey, Simon)

No: (none)

Abstain: (none)

Absent: (Chong)

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**Communication Orders****31**                    **R05-04-005 - Order Instituting Rulemaking on the Commission's Own Motion to Assess and Revise the Regulation of Telecommunications Utilities.**  
[6846]

R98-07-038 - Related matters. This decision consolidates the General Order (GO) 96-B and Uniform Regulatory Framework (URF) Phase 2 rulemakings. The URF advice letter procedures are coordinated with GO 96-B. Detariffing procedures are adopted.

(Comr Chong - ALJ Bemserfer)

Agenda 3197, Item 51 8/23/2007 (Staff)

**Outcome Signed**

D07-09-018

Yes: (Bohn, Chong, Grueneich, Peevey, Simon)

No: (none)

Abstain: (none)

Absent: (none)

**32**                    **R05-04-005 - Order Instituting Rulemaking on the Commission's Own Motion to Assess and Revise the Regulation of Telecommunications Utilities.**  
[6847]

R98-07-038 - Related matters. The Uniform Regulatory Framework advice letter procedures are coordinated with the Telecommunications Industry Rules, which are adopted. R98-07-038 is closed.

(Comr Chong - ALJ Kotz)

Agenda 3197, Item 50 8/23/2007 (Staff)

**Outcome Signed**

D07-09-019

Yes: (Bohn, Chong, Grueneich, Peevey, Simon)

No: (none)

Abstain: (none)

Absent: (none)

**33**                    **R06-06-028 - Order Instituting Rulemaking into the review of the California High Cost Fund B Program.**  
[6867]

This decision adopts interim measures to reform the California High Cost Fund B. Adopted reforms uphold the Commission's goals of supporting universal basic telephone service in high-cost areas within the context of the Uniform Regulatory Framework adopted in D06-08-030.

(Comr Chong - ALJ Pulsifer)

**Outcome Signed (Correction to Appendix Table 1 (typographical error).)**

D07-09-020

Yes: (Bohn, Chong, Grueneich, Peevey, Simon)

No: (none)

Abstain: (none)

Absent: (none)



**Communication Resolutions and Reports****34**

[6884]

**Res T-17082 - Sierra Telephone Company Inc. (Sierra).**

This resolution authorizes Sierra's High Cost Fund A support of \$11,714,393 for the year 2008. Intrastate total operating revenue of \$29,670,560 and a total intrastate rate base amount of \$31,162,910 with an authorized Overall Rate of Return of 10.00% are adopted for the test year 2008. This resolution also approves new depreciation rates and non-basic service rates for Sierra. (Advice Letter 350, filed December 27, 2006)

**Outcome   Approved**

Res T-17082

Yes: (Bohn, Chong, Grueneich, Peevey, Simon)

No: (none)

Abstain: (none)

Absent: (none)

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**Water/Sewer Orders****35**

[6851]

**A06-02-023 - Golden State Water Company (GSWC).**

This decision grants rate increases for the period 2007 to 2009 for Region II and the general office operations of GSWC. The decision also accepts all but one of the terms of a settlement stipulation that GSWC and Division of Ratepayer Advocates (DRA) submitted on 8/4/06 concerning virtually all of the Region II issues and some of the general office issues. However, with respect to GSWC's general office General Rate Case, the decision also concludes that (1) neither GSWC's nor DRA's cost allocation study should be accepted, so a new approach developed by the Commission should be used instead, (2) owing to the vagueness of its cost estimates, GSWC should not be allowed to recover more than \$2.983 million for the new Customer Information/ Customer Relationship Management computer system it has requested without first filing a Tier 3 advice letter pursuant to General Order 96-B, (3) 21 of the new general office jobs requested by GSWC should be approved, but a 10% reduction in the amounts requested for these jobs should be imposed due to GSWC's failure to present the full rationale for many of these positions until the company submitted rebuttal testimony, (4) the 4 new general office jobs needed principally to comply with the requirements of the Sarbanes-Oxley Act should be authorized, but the costs of these positions should be split equally between GSWC's shareholders and its ratepayers, (5) DRA's attack on 8 new general office jobs that were allowed as part of D04-03-039 should be rejected, and (6) most of the miscellaneous issues noted in the 8/4/06 stipulation on which GSWC and DRA were unable to reach agreement should be resolved in favor of the company. This proceeding is closed.

(Comr Bohn - ALJ McKenzie)

Agenda 3197, Item 54 8/23/2007 (Staff)

**Outcome Held (10/4/07. Further review.)**

Yes: (none)

No: (none)

Abstain: (none)

Absent: (none)

**35a**

[6852]

**ALTERNATE TO ITEM 6851**

This alternate decision (like the proposed decision) grants rate increases for the period 2007 to 2009 for Region II and the general office operations of GSWC. The decision also accepts all but one of the terms of a settlement stipulation that GSWC and Division of Ratepayer Advocates (DRA) submitted on 8/4/06 concerning virtually all of the Region II issues and some of the general office issues. However, with respect to GSWC's general office GRC, the decision also concludes that (1) neither GSWC's nor DRA's cost allocation study should be accepted, so a new approach developed by the Commission should be used instead, (2) owing to the vagueness of its cost estimates, GSWC should not be allowed to recover more than \$2.983 million for the new Customer Information/ Customer Relationship Management computer system it has requested without first filing a Tier 3 advice letter pursuant to General Order 96-B, (3) 19 of the new general office jobs requested by GSWC should be approved (4) the 4 new general office jobs needed principally to comply with the requirements of the Sarbanes-Oxley (SOX) Act should be authorized. (5) DRA's attack on 8 new general office jobs that were allowed as part of D04-03-039 should be rejected, (6) most of the miscellaneous issues noted in the 8/4/06 stipulation on which GSWC and DRA were unable to reach agreement should be resolved in favor of the company, and (7) it affirms the ALJ's ruling denying the motion of DRA to strike rebuttal testimony. This proceeding is closed. The alternate differs from the proposed decision in two areas. The alternate would fully fund the costs of the SOX positions with ratepayer funds, and the alternate would assess a \$25,000 penalty for GSWC's failure to present the full rationale for many of the new general office positions until the company submitted rebuttal testimony. It directs Water Division to issue an Order to Show Cause (OSC) why GSWC should not be fined \$25,000 for its conduct and directs DRA to serve as the Commission's advocate for the fine in the OSC hearing. (Comr Bohn)

Agenda 3197, Item 54a 8/23/2007 (Staff)

**Outcome Held (10/4/07. Further review.)**

Yes: (none)

No: (none)

Abstain: (none)

Absent: (none)

**Other Utility Orders****36**

[6865]

**R04-09-003 - Order Instituting Rulemaking on the Commission's own motion for the purpose of considering policies and guidelines regarding the allocation of gains from sales of energy, telecommunications, and water utility assets.**

This decision addresses the issues that remained after D06-05-041. It defines what constitutes a major facility for the purposes of Public Utilities Code Section 455.5, determines if there is a need for a separate formula to calculate a reasonable rate of return for Contribution In Aid of Construction, and rules on the proper treatment of water assets in cases of condemnation or threat of condemnation.

R04-09-003 is closed.

(Comr Peevey - ALJ Thomas)

**Outcome Signed**

D07-09-021

Yes: (Bohn, Chong, Grueneich, Peevey, Simon)

No: (none)

Abstain: (none)

Absent: (none)

**36a**

[6866]

**ALTERNATE TO ITEM 6865**

This alternate proposed decision resolves Phase Two of Commission gain on sale rulemaking and adopts a Public Utilities Code §455.5 reporting threshold and determines ratemaking treatment for certain water utility property. R04-09-003 is closed.

(ALJ Thomas)

**Outcome Withdrawn**

Yes: (none)

No: (none)

Abstain: (none)

Absent: (none)

**Legal Division Matters****37**

[6935]

**EB Docket No. 04-296**

The Federal Communications Commission released its Emergency Alert System (EAS) Order on July 12, 2007. A Further Notice of Proposed Rulemaking was also adopted and seeks comment on whether EAS participants should be required to deliver EAS alerts originated by local, county, tribal, or other state governmental entities.

**Outcome Held (9/20/07.)**

Yes: (none)

No: (none)

Abstain: (none)

Absent: (none)

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## Commissioner's Reports

**38**

[6937]

### **Commissioner Grueneich's Report**

Appointments to two public representative positions and the contractor position on the Low Income Oversight Board.

**Outcome** **Approved (Appointments to the Low Income Oversight Board: Ortensia Lopez and Maria Juarez to the public representative positions, and Michael Williams to the contractor position.)**

Yes: (Chong, Grueneich, Peevey, Simon)

No: (none)

Abstain: (none)

Absent: (Bohn)

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## Closed Session

*This notice is furnished under Government Code Sections 11125 and 11126.3. The Commission will meet in Closed Session following the Public Session of its regularly scheduled meeting. In the Closed Session, the Commission may consider personnel matters as provided under Government Code Section 11126(a), institution of proceedings or disciplinary actions against any person or entity under the jurisdiction of the Commission as provided under Government Code Sections 11126(d)(2) and 11126(e)(2)(C)(i), and pending litigation as provided under Government Code Section 11126(e). Additional items may be added to the closed session agenda pursuant to Gov. Code Section 11126.3(d). If in Closed Session the Commission votes to appoint, employ, or dismiss a public employee, the Commission will thereafter reconvene in Open Session to make the*

### Applications for Rehearing

**40**

[6918]

**A04-12-004 - Conference with Legal Counsel - Application for Rehearing**

Disposition of application for rehearing D06-12-031 filed by Southern California Generation Coalition (SCGC). In D06-12-031 the Commission adopted a system of firm access rights in southern California for Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company. The Decision also approves proposals for an off-system delivery service to Pacific Gas and Electric Company, a gas pooling service, and retention of SoCalGas' peaking rate tariff (not including multi-unit generation).

**Outcome Held (9/20/07.)**

Yes: (none)

No: (none)

Abstain: (none)

Absent: (none)